

FARM MANAGEMENT

Elk Velvet Bull Production Costs

MARKETING AND BUSINESS MANAGEMENT

WWW.GOV.MB.CA/AGRICULTURE/

October, 2003

Estimates Based on a 30 Head Bull Herd

This guide is designed to provide planning information and a format for calculating costs of production on a 30 elk velvet bull enterprise. The production costs included in this enterprise budget are not intended as a cost study of the elk industry in Manitoba. Adjustments will be necessary when applying these figures to your own enterprise.

The budget estimates are based on a number of assumptions which are clearly defined in the supporting pages. Productivity and performance assumptions are based on data supplied by specialists as well as data collected from certain producers. Input costs are based on recommended practices and/or information obtained from producers. Good management is assumed in that a balanced ration is being fed, livestock are on a herd health program and handling facilities are included.

The guideline can be useful for comparison purposes. Comparison of costs at different levels of production can be made with other farms; the farm over time to track profits or losses; or comparing the plan with the actual production at the end of the planning period.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of the Manitoba Elk industry. Interpretation and utilization of this information is the responsibility of the user. If you require assistance with developing your individual budget, please contact your local MAF Farm Management Specialist or Livestock Specialist.

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ELK VELVET BULL COST SUMMARY - September, 2003

(Based on 30 head)

A. OPERATING COSTS	<u>\$/BULL</u>	<u>\$/LB</u>	<u>TOTAL</u>	<u>Your Cost</u>
1. Feed Costs:				
1.01 Hay	\$77.70	\$4.57	\$2,331	_____
1.02 Grain	49.95	2.94	1,499	_____
1.03 Salt & Minerals/Supplements	49.28	2.90	1478	_____
Total Feed Cost	\$176.93	\$10.41	\$5,308	_____
2. Other Operating Costs:				
2.01 Vet. Medicine & Supplies	20.00	1.18	600	_____
2.02 Fuel, Mtce. & Repairs	30.00	1.76	900	_____
2.03 Utilities	8.33	0.49	250	_____
2.04 Marketing Costs	15.00	0.88	450	_____
2.05 Death Loss	12.00	0.71	360	_____
2.06 Insurance	8.06	0.47	242	_____
2.07 Herd Replacement	24.50	1.44	735	_____
2.08 Land Taxes	10.00	0.59	300	_____
2.09 Miscellaneous	3.33	0.20	100	_____
Subtotal Operating Costs	308.15	18.13	9,245	_____
2.10 Operating Interest	10.01	0.59	300.3	_____
TOTAL OPERATING COSTS	\$318.16	\$18.72	\$9,545	_____
B. FIXED COSTS				
3. Depreciation				
3.01 Buildings	41.85	2.46	1,256	_____
3.02 Machinery & Equipment	16.45	0.97	494	_____
3.03 Fence	36.00	2.12	1,080	_____
4. Investment				
4.01 Buildings	20.46	1.20	614	_____
4.02 Machinery & Equipment	6.39	0.38	192	_____
4.03 Livestock	48.00	2.82	1,440	_____
4.04 Pasture Land & Fencing	41.60	2.45	1248	_____
TOTAL FIXED COSTS	\$210.75	\$12.40	\$6,324	_____
C. LABOUR COSTS	\$50.00	\$2.94	\$1,500	_____
TOTAL COST OF PRODUCTION	\$578.91	\$34.06	\$17,369	_____

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ELK VELVET BULL PRODUCTION COST WORKSHEET - September, 2003**Assumptions**

1. This budget outlines the costs for a 30 head elk bull velvetting enterprise.
2. All feed is valued at fair market value.
3. Death loss was estimated at 1%.
4. Production of velvet antlers was assumed to average 17 lbs per year over the 10 years of productive life.
5. The Elk enterprise is situated on a 60 acre parcel of land with an average value of \$300 per acre.

A. OPERATING COSTS**Your Cost****1. Feed Costs:****1.01 Hay Costs**

	7.0	kg hay/day	_____
x	185	days/year	_____
+	1,000	kg/tonne	_____
x	<u>\$60.00</u>	<u>/tonne</u>	_____
=	\$77.70	/bull	_____

1.02 Grain Costs

	3.0	kg oats/day	_____
x	185	days/year	_____
+	1,000	kg/tonne	_____
x	<u>\$90.00</u>	<u>/tonne</u>	_____
=	\$49.95	/bull	_____

Elk Velvet Bull Costs

Your Cost

1.03 Supplement Costs

	0.5	kg supp/day	
x	365	days/year	
+	1,000	kg/tonne	
x	<u>\$270.00</u>	<u>/tonne</u>	
=	\$49.28	/bull	

2. Other Operating Costs:

2.01 Veterinary Medicine & Supplies

	\$20.00	parasite control	
+	<u>\$0.00</u>	<u>other vet & med</u>	
=	\$20.00	/bull	

2.02 Fuel, Oil, Repairs & Maintenance

Machinery	\$300.00	annual fuel cost	
+	<u>\$200.00</u>	<u>oil, repairs & maintenance</u>	
=	\$500.00	total cost	
+	<u>30</u>	<u>bulls</u>	
=	\$16.67	/bull	

Buildings, Fences etc.	\$400.00	annual repair & mtc.	
+	<u>30</u>	<u>bulls</u>	
=	\$13.33	/bull	

Total	=	\$30.00	/bull	
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2.03 Utilities

	\$250.00	annual utilities costs	
+	<u>30</u>	<u>bulls</u>	
=	\$8.33	/bull	

2.04 Marketing Costs

	\$450.00	marketing antlers & culls	
+	<u>30</u>	<u>bulls</u>	
=	\$15.00	/bull	

Elk Velvet Bull Costs

Your Cost

2.05 Death Loss

x	\$1,200	/bull investment	_____
x	<u>1.0</u>	(%) Mortality Rate	_____
=	\$12.00	/bull	_____

2.06 Insurance

	\$35,300	bldg & equip investment	_____
x	\$0.60	cost/\$100 capital	_____
+	100		_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$7.06	/bull	_____

	\$36,000	herd investment	_____
x	\$0.00	cost/\$100 capital	_____
+	100		_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$0.00	/bull	_____

	\$30	add'l coverage for liability	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$1.00	/bull	_____

Total Insurance = **\$8.06** /bull _____

2.07 Herd Replacement

	\$1,200	/replacement bull	_____
-	<u>\$955</u>	<u>/cull (meat & trophy sales)</u>	_____
=	\$245	net cost	_____
x	<u>10.0</u>	<u>% replacement rate</u>	_____
=	\$24.50	/bull	_____

2.08 Land Taxes

	\$300	land taxes	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$10.00	/bull	_____

Elk Velvet Bull Costs

Your Cost

2.09 Miscellaneous

	\$0.00	other costs
+	\$100.00	license
+	30	<u>bulls</u>
=	\$3.33	/bull

2.10 Operating Interest

	\$308.15	subtotal operating costs
+	2	average
x	6.5	<u>% operating interest rate</u>
=	\$10.01	/bull

Your Cost**Capital Costs****Buildings & Improvements**

Building	\$10,000
Handling Facilities	\$12,000
Waterers	\$2,000
Round Bale Feeders	\$0
Well & Pressure System	\$3,500
Hydro (1 pole @ \$400)	\$400
Total Building Cost	\$27,900

Machinery

Tractor & Loader	\$2,000
Quad	\$4,000
Miscellaneous Machinery	\$400
Freezer	\$1,000
Total Machinery Cost	\$7,400

Land & Fence

Fence (2 miles @ \$12000)	\$24,000
Pasture (60ac @ \$300)	\$18,000
Total Land & Fence	\$42,000

Value of Bulls (30 @\$1200)	\$36,000
Total Capital Investment	\$113,300

B. FIXED COSTS**3. Depreciation:**

$$\frac{\text{Original Value} - \text{Salvage Value}}{\text{Useful Life}}$$

3.01 Buildings & Improvements

	\$27,900	original value
-	\$2,790	salvage value
÷	20	years useful life
÷	30	bulls
=	\$41.85	/bull

Your Cost

3.02 Machinery & Equipment

Tractor, Loader & Quad	\$6,000	original value	_____
-	\$1,800	salvage value	_____
+	10	years useful life	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$14.00	/bull	_____
Miscellaneous	\$400	original value	_____
-	\$80	salvage value	_____
+	12	years useful life	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$0.89	/bull	_____
Freezer	\$1,000	original value	_____
-	\$300	salvage value	_____
+	15	years useful life	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$1.56	/bull	_____
Total	\$16.45	/bull	_____

3.03 Fence

	\$24,000	original value	_____
-	\$2,400	salvage value	_____
+	20	years useful life	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$36.00	/bull	_____

Your Cost

4. Investment: $\frac{\text{Original Value} + \text{Salvage Value}}{2} \times \text{Investment Rate}$

4.01 Buildings & Improvements

	\$27,900	original building value	_____
+	\$2,790	salvage value	_____
+	2	average	_____
x	4.0	% investment rate	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$20.46	/bull	_____

4.02 Machinery & Equipment

Tractor, Loader & Quad	\$6,000	original Value	_____
+	\$1,800	salvage value	_____
+	2	average	_____
x	4.0	% investment rate	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$5.20	/bull	_____

Miscellaneous	\$400	original value	_____
+	\$80	salvage value	_____
+	2	average	_____
x	4.0	% investment rate	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$0.32	/bull	_____

Freezer	\$1,000	original value	_____
+	\$300	salvage value	_____
+	2	average	_____
x	4.0	% investment rate	_____
+	<u>30</u>	<u>bulls</u>	_____
=	\$0.87	/bull	_____

Total	\$6.39	/bull	_____
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Elk Velvet Bull Costs

Your Cost

4.03 Livestock

	\$1,200	/bull
x	<u>4.0</u>	<u>% investment rate</u>
=	\$48.00	/bull

4.04 Pasture Land & Fencing

Fence Investment	\$24,000	original value
+	\$2,400	salvage value
+	2	average
x	4.0	% investment rate
+	<u>30</u>	<u>bulls</u>
=	\$17.60	/bull

Land Investment	\$18,000	original value
x	4.0	% investment rate
+	<u>30</u>	<u>bulls</u>
=	\$24.00	/bull

Total = \$41.60 /bull

C. LABOUR COSTS

	5	hours/bull
x	<u>\$10.00</u>	<u>hourly rate</u>
=	\$50.00	/bull

For more information contact your local Manitoba Agriculture and Food office.

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